

Unison
Behavioral
Health Group,
Inc.



Years Ended
June 30,
2018 and 2017

Financial
Statements

UNISON BEHAVIORAL HEALTH GROUP, INC.

■ TABLE OF CONTENTS	PAGE
Independent Auditors' Report	1-2
Financial Statements for the Years Ended June 30, 2018 and 2017	
Statements of Financial Position	3
Statements of Activities	4
Statements of Functional Expenses	5-6
Statements of Cash Flows	7
Notes to Financial Statements	8-14
Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	15-16

INDEPENDENT AUDITORS' REPORT

September 25, 2018

Board of Trustees
Unison Behavioral Health Group, Inc.
Toledo, Ohio**Report on the Financial Statements**

We have audited the accompanying financial statements of **Unison Behavioral Health Group, Inc.** ("Unison"), a nonprofit organization, which comprise the statements of financial position as of June 30, 2018 and 2017, and the related statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on auditor judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Unison's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Unison's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

As discussed in Note 6 to the financial statements, Unison has not consolidated its related separate housing entities, which are under common management and control. Accounting principles generally accepted in the United States of America require that a nonprofit organization consolidate a related nonprofit organization if it has both control of and an economic interest in the related organization. If the financial statements of the separate housing entities had been consolidated with Unison, its net assets would increase by approximately \$1,204,100 as of June 30, 2018, and \$1,203,800 as of June 30, 2017, and the changes in net assets would have increased by approximately \$300 and decreased by approximately \$47,600 for the years then ended.

Qualified Opinion

In our opinion, except for the effects of not consolidating the related separate housing entities as discussed in the *Basis for Qualified Opinion* paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Unison Behavioral Health Group, Inc. as of June 30, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2018 on our consideration of Unison's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Unison's internal control over financial reporting and compliance.

Rehmann Lohman LLC

UNISON BEHAVIORAL HEALTH GROUP, INC.

STATEMENTS OF FINANCIAL POSITION

ASSETS	June 30	
	2018	2017
Current assets		
Cash and cash equivalents	\$ 138,528	\$ 3,080,181
Public support and program service fee receivables, net of allowance for doubtful accounts of \$363,569 (\$159,724 in 2017)	3,836,727	1,857,466
Receivables from affiliates, net	2,534	7,534
Prepaid expenses and deposits	254,888	226,352
Total current assets	4,232,677	5,171,533
Net property and equipment	3,985,548	3,247,673
Total assets	\$ 8,218,225	\$ 8,419,206
LIABILITIES AND NET ASSETS		
Current liabilities		
Short-term bank borrowings	\$ 10,377	\$ -
Accounts payable	401,134	311,213
Accrued compensation	524,189	520,251
Accrued vacation pay	289,701	290,972
Accrued self-insured healthcare	205,214	260,853
Current portion of long-term debt	86,263	27,099
Total current liabilities	1,516,878	1,410,388
Long-term liabilities		
Long-term debt, net of current portion	1,942,598	402,308
Total liabilities	3,459,476	1,812,696
Unrestricted net assets	4,758,749	6,606,510
Total liabilities and net assets	\$ 8,218,225	\$ 8,419,206

The accompanying notes are an integral part of these financial statements.

UNISON BEHAVIORAL HEALTH GROUP, INC.

STATEMENTS OF ACTIVITIES

	Year Ended June 30	
	2018	2017
Public support		
Fees and grants from government agencies	\$ 2,347,781	\$ 2,711,939
Program service fees and other revenue		
Program service fees	16,257,825	16,351,825
Other revenue	506,833	759,921
	<u>16,764,658</u>	<u>17,111,746</u>
Total program service fees and other revenue		
	<u>16,764,658</u>	<u>17,111,746</u>
Total public support, program service fees, and other revenue	19,112,439	19,823,685
Expenses		
Program services		
Medical services	4,219,528	4,322,093
Short-term care and partial hospitalization	3,705,370	3,481,470
Community support services	1,494,992	2,026,856
Health home services	2,810,084	3,194,169
Residential services	131,362	92,889
AOD programs	3,355,029	2,075,672
Dual diagnosis	389,322	447,096
	<u>16,105,687</u>	<u>15,640,245</u>
Total program services		
	<u>16,105,687</u>	<u>15,640,245</u>
Management and general	4,854,513	4,324,903
	<u>4,854,513</u>	<u>4,324,903</u>
Total expenses	20,960,200	19,965,148
	<u>20,960,200</u>	<u>19,965,148</u>
Changes in net assets	(1,847,761)	(141,463)
Net assets, beginning of year	6,606,510	6,747,973
	<u>6,606,510</u>	<u>6,747,973</u>
Net assets, end of year	\$ 4,758,749	\$ 6,606,510
	<u>\$ 4,758,749</u>	<u>\$ 6,606,510</u>

The accompanying notes are an integral part of these financial statements.

UNISON BEHAVIORAL HEALTH GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED JUNE 30, 2018

(WITH COMPARATIVE TOTALS FOR THE YEAR ENDED JUNE 30, 2017)

	Program Services				
	Medical Services	Short-Term Care and Partial Hospitalization	Community Support Services	Health Home Services	Residential Services
Salaries and contracts	\$ 3,226,797	\$ 2,427,885	\$ 974,268	\$ 1,802,227	\$ 71,693
Fringe benefits	565,005	834,583	270,262	660,703	21,940
Operating expenses	284,491	144,812	54,884	132,563	8,888
Office expenses	13,833	24,161	9,243	21,592	1,416
Travel expenses	1,389	73,426	33,959	67,002	3,525
Building expenses	69,542	123,424	96,970	52,330	21,264
Interest expense	444	708	210	593	17
Legal and accounting	275	4,000	-	-	-
Miscellaneous	2,506	606	2	4	114
Total expenses before depreciation	4,164,282	3,633,605	1,439,798	2,737,014	128,857
Depreciation	55,246	71,765	55,194	73,070	2,505
Total expenses	\$ 4,219,528	\$ 3,705,370	\$ 1,494,992	\$ 2,810,084	\$ 131,362

The accompanying notes are an integral part of these financial statements.

AOD Program	Dual Diagnosis	Total Program Services	Management and General	2018 Total	2017 Total
\$ 2,193,258	\$ 241,114	\$ 10,937,242	\$ 2,938,172	\$ 13,875,414	\$ 13,435,794
539,755	77,386	2,969,634	834,431	3,804,065	3,488,607
296,855	18,941	941,434	597,905	1,539,339	1,416,370
16,915	2,294	89,454	24,086	113,540	120,356
18,329	13,828	211,458	31,013	242,471	279,965
140,426	19,855	523,811	123,758	647,569	572,010
470	63	2,505	33,636	36,141	3,044
3,850	-	8,125	114,342	122,467	80,054
154	1	3,387	30,633	34,020	36,217
3,210,012	373,482	15,687,050	4,727,976	20,415,026	19,432,417
145,017	15,840	418,637	126,537	545,174	532,731
<u>\$3,355,029</u>	<u>\$ 389,322</u>	<u>\$ 16,105,687</u>	<u>\$ 4,854,513</u>	<u>\$ 20,960,200</u>	<u>\$19,965,148</u>

UNISON BEHAVIORAL HEALTH GROUP, INC.

STATEMENT OF FUNCTIONAL EXPENSES YEAR ENDED JUNE 30, 2017

	Program Services				
	Medical Services	Short-Term Care and Partial Hospitalization	Community Support Services	Health Home Services	Residential Services
Salaries and contracts	\$ 3,394,883	\$ 2,372,764	\$ 1,305,529	\$ 2,125,903	\$ 54,345
Fringe benefits	603,592	721,192	369,046	650,568	14,216
Operating expenses	151,080	164,593	121,905	144,858	10,243
Office expenses	17,045	26,313	13,722	31,074	358
Travel expenses	954	52,786	58,892	86,730	3,558
Building expenses	83,545	66,487	90,618	60,856	6,868
Interest expense	488	637	298	769	13
Legal and accounting	883	4,000	3,158	-	-
Miscellaneous	5,669	66	-	7	-
Total expenses before depreciation	4,258,139	3,408,838	1,963,168	3,100,765	89,601
Depreciation	63,954	72,632	63,688	93,404	3,288
Total expenses	\$4,322,093	\$ 3,481,470	\$2,026,856	\$ 3,194,169	\$ 92,889

The accompanying notes are an integral part of these financial statements.



AOD Program	Dual Diagnosis	Total Program Services	Management and General	2017 Total
\$ 1,326,731	\$ 288,823	\$ 10,868,978	\$ 2,566,816	\$ 13,435,794
345,251	83,233	2,787,098	701,509	3,488,607
160,789	20,895	774,363	642,007	1,416,370
8,927	2,629	100,068	20,288	120,356
21,032	18,481	242,433	37,532	279,965
104,973	17,621	430,968	141,042	572,010
227	59	2,491	553	3,044
3,000	-	11,041	69,013	80,054
2,631	-	8,373	27,844	36,217
<hr/>				
1,973,561	431,741	15,225,813	4,206,604	19,432,417
<hr/>				
102,111	15,355	414,432	118,299	532,731
<hr/>				
<u>\$2,075,672</u>	<u>\$ 447,096</u>	<u>\$ 15,640,245</u>	<u>\$ 4,324,903</u>	<u>\$ 19,965,148</u>

UNISON BEHAVIORAL HEALTH GROUP, INC.

STATEMENTS OF CASH FLOWS

	Year Ended June 30	
	2018	2017
Cash flows from operating activities		
Changes in net assets	\$ (1,847,761)	\$ (141,463)
Adjustments to reconcile changes in net assets to net cash used in operating activities		
Depreciation	545,174	532,731
Change in allowance for doubtful accounts	203,845	3,499
Amortization of forgivable mortgages payable	(34,141)	(27,099)
Gain on sale of property and equipment	(8,176)	(572)
Changes in operating assets and liabilities which provided (used) cash		
Public support and program service fee receivables	(2,183,106)	76,750
Receivables from affiliates	5,000	5,000
Prepaid expenses and deposits	(28,536)	140,902
Accounts payable	89,921	(154,507)
Accrued compensation	3,938	(31,864)
Accrued vacation pay	(1,271)	(672,793)
Accrued self-insured healthcare	(55,639)	260,853
Net cash used in operating activities	(3,310,752)	(8,563)
Cash flows from investing activities		
Proceeds from sale of property and equipment	28,950	315
Purchases of property and equipment	(1,303,823)	(851,603)
Net cash used in investing activities	(1,274,873)	(851,288)
Cash flows from financing activities		
Short-term bank borrowings	10,377	-
Proceeds from long-term debt	1,639,283	-
Payments on long-term debt	(5,688)	-
Net cash provided by financing activities	1,643,972	-
Net decrease in cash and cash equivalents	(2,941,653)	(859,851)
Cash and cash equivalents, beginning of year	3,080,181	3,940,032
Cash and cash equivalents, end of year	\$ 138,528	\$ 3,080,181
Supplemental disclosures of cash flows information		
Interest paid	\$ 36,141	\$ 3,044

The accompanying notes are an integral part of these financial statements.

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization

Unison Behavioral Health Group, Inc. ("Unison") is a nonprofit corporation, providing outpatient and residential behavioral health and substance abuse services primarily to residents of Lucas and Wood County, Ohio. Unison provides psychiatric, psycho-social, case management, and counseling services to meet the client's behavioral health, social, and educational needs.

Basis of Presentation

The accompanying financial statements include the results of Unison, and not the results of Ide Center Apartments I and II (the "Ides"), related housing entities. Accounting principles generally accepted in the United States of America ("GAAP") require that a nonprofit organization consolidate a related party organization if it has both control of and an economic interest in the related party organization (see Note 6).

In accordance with GAAP, Unison reports information regarding its financial position and activities according to three classes of net assets:

Unrestricted: Unrestricted net assets are not subject to funding source or donor-imposed restrictions or the funding source requirements or donor-imposed restrictions have expired. Unrestricted net assets may be designated for specific purposes by action of the Board of Trustees.

Temporarily Restricted: Temporarily restricted net assets contain funding source or donor-imposed restrictions that permit Unison to use or expend the assets as specified. The restrictions are satisfied either by the passage of time or actions of Unison, at which time the temporarily restricted net assets are reclassified to unrestricted net assets.

Permanently Restricted: Permanently restricted net assets contain funding source or donor imposed restrictions that stipulate that resources be maintained permanently for a specified purpose.

As of June 30, 2018 and 2017, Unison had no temporarily or permanently restricted net assets.

Use of Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting year. Actual results could differ from those estimates. Significant estimates include, but are not limited, to the allowance for doubtful accounts and self-insured health care claims incurred but not reported.

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

Cash and Cash Equivalents

Cash and cash equivalents consist of demand deposits in banks and money market funds with a maturity of three months or less. The fair value of the money market funds approximate cost. Unison maintains deposits in federally insured financial institutions in amounts which generally exceed the federally insured limits. Management does not believe that Unison is exposed to any significant financial risk as a result of these deposits.

Accounts Receivable

Public support and program service fee receivables are recorded at projected amounts based on contractual allowances under agreements with the Mental Health and Recovery Services Board of Lucas County (the "Board"), Medicaid and other third-party payers. An allowance for the amount of billings in excess of estimated realization and for doubtful accounts is provided. This amount is calculated using historical recovery experience.

Property and Equipment and Depreciation

Property and equipment is stated at cost. Major improvements and repairs are capitalized while ordinary maintenance and repairs are expensed. Management annually reviews these assets to determine whether carrying values have been impaired. Depreciation is computed using the straight-line method over the estimated useful lives of the assets which range from 3 to 40 years. Unison capitalizes assets with related costs of greater than \$5,000.

Self-Insurance

Effective July 1, 2016, Unison is self-insured for a portion of its health care benefits. Unison has purchased stop loss insurance to limit its exposure to individual contract claims in excess of \$75,000 in each plan year and \$2,000,000 in the aggregate. A provision for estimated claims incurred, but not reported as of June 30, 2018 and 2017 has been computed by management in consultation with Unison's health care consultants. Incurred, but not reported claims at June 30, 2018 and 2017 approximated \$205,000 and \$261,000, respectively.

Revenue Recognition

Public Support and Program Services Fees

Revenue received under contracts with governmental agencies and program service fees are recorded in the year the related services are rendered. A significant portion of support is provided by federal, state, and local funds, including Medicaid. In October 2012, Unison was selected as a pilot agency for the Health Home Program by the Ohio Department of Mental Health and Addiction Services ("OhioMHAS"). The Health Home program is responsible for the overall care management and care coordination of an individual. This includes integration of their physical health, mental health, long term care, and social service needs. Revenue for the Health Home program is recognized on a monthly basis when a contact is made by the service provider. Clients enrolled in this program are billed at a fixed rate per client per month. The Health Home program was discontinued by OhioMHAS effective July 1, 2018.

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

Contributions

Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized.

Income Taxes

Unison is an exempt organization under Section 501(c)(3) of the Internal Revenue Code and is exempt from similar state and local taxes under the laws of the State of Ohio for nonprofit organizations. Accordingly, no provision for federal, state or local income taxes has been recorded in these financial statements.

Unison has evaluated uncertain income tax positions for all open tax years (2015 through 2018) and believes there are no uncertain income tax positions of significance that are required to be recorded or disclosed in these financial statements.

Functional Allocation of Expenses

In the statements of functional expenses, payroll costs are charged directly to the programs and support services to which personnel have devoted their efforts. Other expenses have been allocated on a basis determined by management.

Reclassification

Certain amounts as reported in the 2017 financial statements have been reclassified to conform with the 2018 presentation.

Subsequent Events

In preparing these financial statements, Unison has evaluated, for potential recognition or disclosure, significant subsequent events or transactions that occurred during the period subsequent to June 30, 2018, the most recent statement of financial position presented herein through September 25, 2018, the date these financial statements were available to be issued. No significant such events or transactions were identified.

Upcoming Accounting Pronouncement

In August 2016, The Financial Accounting Standards Board issued ASU No. 2016-14, Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities, which will be effective for Unison's annual financial statements for the year ending June 30, 2019. This ASU 1) reduces the number of net asset classes presented from three to two; (2) requires the presentation of expenses by functional and natural classification in one location; and (3) requires quantitative and qualitative disclosures about liquidity and availability of financial assets. Management has evaluated the provisions of ASU No. 2016-14 and has determined that the presentation of the financial statements will need to be modified as required by the ASU.

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

2. PROPERTY AND EQUIPMENT

Net property and equipment consists of the following components at June 30:

	2018	2017
Property and equipment		
Land	\$ 533,244	\$ 528,069
Land improvements	56,244	56,244
Buildings	3,760,009	3,465,398
Building improvements	3,403,759	2,789,199
Office equipment	2,467,900	2,222,188
Furnishings	518,326	396,844
Program equipment	26,638	26,638
Automobiles	<u>456,686</u>	<u>563,612</u>
 Total	 11,222,806	 10,048,192
Less accumulated depreciation	<u>7,237,258</u>	<u>6,800,519</u>
 Net property and equipment	 <u>\$ 3,985,548</u>	 <u>\$ 3,247,673</u>

Depreciation for 2018 and 2017 was \$545,174 and \$532,731, respectively.

The facility located at 1212 Cherry Street was funded by OhioMHAS and is subject to use restrictions and liens. Upon dissolution, insolvency, or bankruptcy of Unison, most personal property and equipment reverts to the Board and OhioMHAS. The net book value of this facility was \$1,048,896 and \$939,509 at June 30, 2018 and 2017, respectively.

3. DEBT

Unison has a \$1,200,000 line of credit with interest charged at the bank's prime interest rate (5.00% at June 30, 2018). Unison had outstanding borrowings under this line of credit of \$10,377 at June 30, 2018 and no outstanding borrowings at June 30, 2017. The line is secured by substantially all assets of Unison. The line is available through October 18, 2018.

Long-term debt consists of the following obligations at June 30:

	2018	2017
Capital improvement loan payable to Huntington National Bank up to \$1,350,000 with interest only payments during the draw period through July 2018, then monthly installments of principal and interest at the prime rate (5.00% at June 30, 2018) totaling \$8,816 are due through June 2023, balance due in full in July 2023. Secured by specific real estate.	\$ 907,283	\$ -

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

	2018	2017
Mortgage payable to Huntington National Bank, original balance of \$240,000, monthly installments of principal and variable interest calculated at 2.6% over the five-year ICE Swap Rate (4.44% at June 30, 2018) totaling \$1,519 are due through August 2022, balance due in full in September 2022. Secured by specific real estate.	\$ 234,312	\$ -
Mortgage payable to OhioMHAS forgivable over a term of 26 years at a rate of \$1,756 per month (provided Unison uses the secured property in accordance with OhioMHAS restrictions), non-interest bearing, expires March 2036. Secured by specific real estate.	373,375	394,392
Mortgage payable to OhioMHAS forgivable over a term of 30 years at a rate of \$825 per month (provided Unison uses the secured property in accordance with OhioMHAS restrictions), non-interest bearing, expires April 2048. Secured by specific real estate.	297,000	-
Mortgage payable to OhioMHAS, forgivable over a term of 30 years at a rate of \$542 per month (provided Unison uses the secured property in accordance with OhioMHAS restrictions), non-interest bearing, expires May 2041. Secured by specific real estate.	187,958	-
Mortgage payable to OhioMHAS, forgivable over a term of 13 years at a rate of \$508 per month (provided Unison uses the secured property in accordance with OhioMHAS restrictions), non-interest bearing, expires March 2023. Secured by specific real estate.	<u>28,933</u>	<u>35,015</u>
Total long-term debt	2,028,861	429,407
Less current portion	<u>86,263</u>	<u>27,099</u>
Long-term debt, net of current portion	<u><u>\$ 1,942,598</u></u>	<u><u>\$ 402,308</u></u>

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

Scheduled annual principal maturities and amortization of forgivable long-term debt for each of the five years succeeding June 30, 2018 and thereafter as summarized as follows:

Year	Payments on Long-term Debt	Forgiveness of Long-term Debt	Total
2019	\$ 42,746	\$ 43,517	\$ 86,263
2020	48,037	43,517	91,554
2021	50,690	43,517	94,207
2022	53,269	43,517	96,786
2023	247,360	42,020	289,380
Thereafter	<u>699,493</u>	<u>671,178</u>	<u>1,370,671</u>
Total	<u>\$ 1,141,595</u>	<u>\$ 887,266</u>	<u>\$ 2,028,861</u>

4. MENTAL HEALTH AND RECOVERY SERVICES BOARD OF LUCAS COUNTY

During the years ended 2018 and 2017, the Board approved contract funding for grants and certain Non-Medicaid services totaling \$1,756,907 and \$2,397,258, respectively. Unison also received approximately \$15,200,000 and \$15,400,000 for the years ended 2018 and 2017 from the Board for Medicaid services rendered to clients, which was funded by federal, state, and local tax dollars. Under the Board contract, Unison is required to submit annual budgets, reports, and monthly financial statements to the Board, and to disburse its funds in accordance with approved contracts.

5. OPERATING LEASE COMMITMENTS

Unison has operating leases for some of its vehicles and office equipment. The future minimum non-cancelable rental commitments under the lease agreements are as follows:

Year	Amount
2019	\$ 114,708
2020	88,711
2021	67,222
2022	<u>12,373</u>
	<u>\$ 283,014</u>

The rental expense under the lease agreements was \$171,336 in 2018 and \$182,731 in 2017.

UNISON BEHAVIORAL HEALTH GROUP, INC.

NOTES TO FINANCIAL STATEMENTS

6. AFFILIATED CORPORATIONS

Unison owns and operates two housing projects, pursuant to the U.S. Department of Housing and Urban Development (HUD) Section 811 program. In connection with the development of these housing projects, Unison agreed to loan the entities funds to cover the costs of development. As of June 30, 2018 and 2017, the amounts due to Unison from the housing projects (net of allowance for doubtful accounts of \$16,815 in both 2018 and 2017) is \$2,534 and \$7,534 at June 30, 2018 and 2017, respectively. In addition, total management fees from the housing projects amount to \$21,885 and \$26,592 in 2018 and 2017, respectively, and are included as other revenue in these financial statements.

GAAP requires that Unison retroactively consolidate these housing projects, as it has control of and an economic interest in the housing projects. Unison has established a policy to not consolidate these housing projects as, in management's opinion, this presentation would not be meaningful to the users of the financial statements. If the financial statements of Unison had been consolidated with those of the Ides, total net assets would have increased by approximately \$1,204,100 as of June 30, 2018, and \$1,203,800 as of June 30, 2017, and the change in net assets would have increased by approximately \$300 in 2018 and have decreased by approximately \$47,600 in 2017.

Combined summarized financial information prepared as of June 30, 2018 and 2017 for these housing projects is as follows:

	2018	2017
Assets	\$ 1,269,501	\$ 1,259,550
Liabilities	65,382	55,738
Revenues	344,109	353,617
Expenses	343,802	401,217

7. RETIREMENT PLAN

Unison sponsors a contributory defined contribution plan (the "Plan") qualified under Section 403(b) of the IRC. It covers all full-time employees and part-time employees scheduled to work twenty or more hours per week, following six months of service. All contributions are fully vested upon placement in the Plan. Unison made discretionary matching contributions of 100% of participant deferrals up to 2% of a participant's eligible compensation in 2018 and 2017. In addition, Unison made discretionary nonelective contributions of 1% of each participant's eligible compensation in 2018 and 2017. Retirement expense for this Plan was \$311,507 in 2018 and \$345,584 in 2017.



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

September 25, 2018

Board of Trustees
Unison Behavioral Health Group, Inc.
Toledo, Ohio

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of **Unison Behavioral Health Group, Inc.** ("Unison"), which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated September 25, 2018, which has been qualified for effects of Unison not consolidating its related separate housing entities.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Unison's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Unison's internal control. Accordingly, we do not express an opinion on the effectiveness of Unison's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unison's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Rehmann Lohman LLC". The signature is written in a cursive, flowing style.